



**Labor and Public Employees Committee Testimony
By Stan Sorkin, President
Connecticut Food Association
January 31, 2013**

Testimony in Opposition to SB387: An Act Increasing the Minimum Wage.

Good afternoon, Chairman Tercyak, Chairman Osten and Members of the Labor and Public Employees Committee. My name is Stan Sorkin, President of the Connecticut Food Association. I am here today to testify on behalf of the members of the Connecticut Food Association in opposition to SB387.

The Connecticut Food Association is the state trade association that conducts programs in public affairs, food safety, research, education and industry relations on behalf of its 240 member companies—food retailers, wholesalers, distributors, and service providers in the state of Connecticut. CFA's members in Connecticut operate approximately 300 retail food stores and 200 pharmacies. CFA's retail membership is composed of multi-store chains, regional firms, and single store independent supermarkets employing over 30,000 associates. The majority of CFA members are family-owned supermarkets. Our work force is composed of union and non-union employees with 70% of our employees part-time. Many of these part-time employees are students 18 years of age and under. Our goal is to create a growth oriented economic climate that makes Connecticut competitive with surrounding states.

This is not the time to increase the minimum wage in the state of Connecticut especially as it affects Connecticut's grocery industry. The industry is still in the process of digesting the high costs associated with the recent paid sick leave law, the increase in worker's compensation costs, and high energy costs. The paid sick leave law cost Highland Park Market, a small family owned four store chain, over \$100,000 to implement.

Connecticut's economy is at best flat with few jobs being created and unemployment rate in the high- 8 percent. Due to these economic conditions, retail sales are not strong and are expected to stay weak based on the recent change in the social security tax rate. The proposed rate increases of 75 cents per hour each year equates to a 9% wage increase this year and an 8.3% increase the next. A compounded 18% increase is an unprecedented percentage increase especially in today's economic environment. They are more than double the most recent increases in Connecticut's minimum wage. The proposed law sends a message that Connecticut is not open for business and not competitive in attracting jobs. Rate increases of this magnitude would leave our industry no choice but to cut jobs, reduce other benefits, and raise grocery prices. Connecticut consumers should not be facing higher food prices in today's difficult economic climate. Multi-state retailers would allocate their investment resources to other states.

We are opposed to the minimum wage to be raised in future years based on the regional consumer price formula stated in the bill. It is bad policy to put wage increases on automatic pilot without the opportunity to review the broader economic conditions, wage rates in other states, unemployment factors and the like.

Moreover, starting the increases based on the state's fiscal calendar, July 1, 2013 vs. the historic calendar year effective date immediately adds to the cost of doing business in Connecticut. It negates the annual budgeting processes that private sector companies follow.

To the supermarket industry, an increase in the minimum wage, of this magnitude, in an industry so dependent on entry level first-time job seekers, would be, at this time, devastating in today's economic environment. The minimum wage sets the floor on every other wage paid. Recognize that a retailer, especially a family owned supermarket, has only so many resources available to cover labor and other costs. Consider the effects to Connecticut if the best case scenario is the highest food prices in the northeast or the worst case, closed stores which tell the story that Connecticut is not open for business.

The Connecticut Food Association urges that you vote NO on SB387.